

A Guide to the University of Reading Pension Scheme

March 2019

Please keep a copy of this guide in a safe place for future reference

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Welcome to the University of Reading Pension Scheme

Your membership of the University of Reading Pension Scheme (“the Scheme”) is an important and valuable part of the package of benefits you receive from your Employer. The Scheme provides you with a tax-efficient way to save for your retirement, with help from your Employer. At the same time it provides some financial protection for your family or dependants in the event of your death.

This guide tells you about the benefits available to members from 1 March 2019. Capitalised terms are defined on pages 21 to 24. Once you have read the guide, if you have any questions about the Scheme please contact the Pensions Office at:

University of Reading
Whiteknights
PO Box 217
Reading
RG6 6AH

Tel: 0118 378 7121

Email: pensions@reading.ac.uk

Website: www.rdg.ac.uk/humanresources

The Scheme is operated under a Trust and is administered by appointed Trustees. It is governed by a set of rules (known as “the Rules”). The Trust is legally separate from the University and so the Scheme’s investments do not form part of the University’s assets.

This guide is a summary of the provisions of the Scheme and is for information only; it does not give rights to benefits for or in respect of you. Your rights to benefits under the Scheme arise from the Rules. Every effort has been made to reflect the Rules accurately. However, this guide (and any other member literature issued to you) does not confer any entitlement additional to that under the Rules, and if there are any differences, the Rules will always take precedence.

Please note that this guide is based on current understanding of the tax and pensions law and is subject to change at any time in the future. Contributions and benefits will be subject to tax in accordance with tax law and applicable HMRC practice at the relevant time.

Key features

The Scheme is a “defined contribution” (sometimes called “money purchase”) scheme. This means that your contributions, together with those paid by your Employer, are paid into a Retirement Account in your name. These contributions are invested. When you retire the value of your Retirement Account can be used to buy benefits for you and your Dependants, or taken as a cash sum.

The level of benefits you will receive when you retire will depend on:

- The contributions paid by you and by your Employer;
- The investment returns achieved on those contributions;
- The cost of buying benefits (including an annuity) when you retire; and
- The type of benefit which you choose to buy.

Here is a quick summary of the Scheme’s key features:

- A pension for you when you retire;
- Contributions towards your retirement savings while you work. This includes contributions from you, at 4% of your Salary and your Employer of 5% of your Salary (increasing to 7% after 5 years of continuous membership in the Scheme);
- The facility to pay your contributions via the salary exchange arrangement **Pensions⁺**;
- You can choose to take part of your Retirement Account (up to 25%) as a tax-free cash sum when you retire plus the balance amount as taxable cash;
- The option of taking part of your Retirement Account (up to 25%) as a tax-free cash sum when you retire plus using the balance to provide you with an income for life;
- The option to pay more into the Scheme to increase the size of your Retirement Account;
- Valuable tax breaks, which mean your pension savings build up in a tax-efficient way;
- In the event of your death whilst you are contributing to the Scheme, a life assurance lump sum of six times the annualised rate of your basic pay, together with your Retirement Account, paid to your Beneficiaries;
- The option of using your Retirement Account to provide a pension for your Dependants if you die in retirement before them;
- The possibility of retiring immediately with a pension if you become unable to work because of a physical or mental impairment (if the University agrees and the Trustees are satisfied that you are incapacitated after reviewing medical evidence);
- The option to transfer the value of your Retirement Account to another pension arrangement if you leave the Scheme before you retire having completed at least three months’ Scheme membership; and
- An annual statement from the Scheme showing how your Retirement Account is building up and an estimate of the benefits your Retirement Account may provide at retirement.

Joining the Scheme

You will automatically join the Scheme on your first day of work if your contract of employment or engagement documentation says so (i.e. you are “Contractually Enrolled”) or if the University otherwise automatically enrolls you as a result of legal requirements (in which case you are “Automatically Enrolled”). You will be Automatically Enrolled if you are an Eligible Jobholder on your first day of work, or if you later become an Eligible Jobholder, and if the University decides to use the Scheme to provide you with pension benefits. Your membership of the Scheme will take effect either from your first day of work, or from a later date if your membership is “postponed”. Your Employer will tell you if you have been Automatically Enrolled, and also the date on which your membership of the Scheme started. You will no longer be eligible to be a member of the Scheme if your employment contract is varied to that effect and you are not an Eligible Jobholder.

If you are not an Eligible Jobholder on your first day of work and your contract of employment does not provide that you will join the Scheme from a given date, your Employer will regularly check whether you subsequently become an Eligible Jobholder, and if so will then automatically enrol you into the Scheme.

You only need to complete a joining form if you want to join the Scheme but you have not been Contractually Enrolled or Automatically Enrolled. The joining form is available on the HR website and once completed should be sent to the Pensions Office. You may be asked to provide evidence of good health in certain circumstances if you have previously opted out of membership of the Scheme.

However you join the Scheme you should ensure that you complete the Expression of Wish form available on the HR website and return it to the Pensions Office as soon as possible. You should also ensure that you are happy with the investment arrangement that your Retirement Account will be invested in – further information on the default investment can be found in the *Aviva URPS Investment Guide* and on your self select investment options in the *Aviva URPS Investment fund aims and risk guide*”.

Aviva Life and Pensions UK Limited (“Aviva”) is the insurance company appointed by the Trustees to carry out the day to day administration of the Scheme.

You will receive an enrolment notice from Aviva confirming that your membership of the Scheme has been established once you have been enrolled and Aviva has received your details. This will include information about how to access details of your Retirement Account online and how you can make changes for example, to your Planned Retirement Age or where your Retirement Account is invested.

Transfers-in of pensions from other arrangements

If you have benefits in other pension arrangements you may be able to transfer them into the Scheme. The transfer value will be added to your Retirement Account and invested in line with your instructions. You should seek independent financial advice to help you make this decision. You should be aware that if you transfer a pension in from a defined benefit arrangement (such as the Local Government Pension Scheme or another UK University’s pension scheme) that you may be legally required to take independent financial advice before your transfer can go ahead.

The University decides whether or not transfers may be accepted and each case is considered on its own merits.

Membership of other pension arrangements

You can pay into as many pension schemes as you wish. So as well as being a member of the Scheme you may also pay into other pension arrangements. This could include a stakeholder or personal pension scheme, or could be another occupational pension arrangement.

The Annual Allowance and the Lifetime Allowance are tax charges which will apply to and may limit the total of your contributions to, and your benefits from, all registered pension schemes of which you are a member. It is your responsibility to keep records of the combined value of your pension benefits in all of your pension arrangements.

As you have the opportunity to join this Scheme, your Employer will not make contributions for or in respect of you to any other pension arrangement in connection with the employment covered by this Scheme.

Choosing to leave the Scheme

Leaving the Scheme if you have been Automatically Enrolled: Opting Out

You may choose not to remain a member of the Scheme once you have been enrolled but it is not possible to opt out of membership before enrolment takes place. If you opt out you may be entitled to re-join later, in which case your benefits will be those that apply to new members at the time.

You will have a one month window from when you are first told that you have been Automatically Enrolled in which to opt out of the Scheme and be treated as if you had never joined. Any contribution or salary exchange (**Pensions⁺**) deduction made will be repaid. You will be given full details of how to opt out and the timeframe in which you need to take action when you receive your enrolment notice.

If you decide that you want to leave the Scheme after the one month window has ended, you will be required to follow the process for withdrawal that applies to Contractually Enrolled members. See the section below for more detail.

Leaving the Scheme if you have been Contractually Enrolled: Withdrawing

You can choose to withdraw from membership of the Scheme at any time by giving written notice to the University and the Trustees. If your notice is submitted within the first 30 days of being enrolled as a member of the Scheme, the contributions you have made (plus or minus investment returns), will be refunded by Aviva less tax. If you have participated in **Pensions⁺** (the salary exchange arrangement) and the Employer has paid your contributions in exchange for a reduction in your contractual pay, a discretionary payment equal to the salary given up may be made to you through the payroll, with adjustments for tax and National Insurance as appropriate.

Once we have informed Aviva that you have left the scheme, you will be provided with details of your benefits and the options available to you. For more information, you should go to the section Leaving before Normal Retirement Date, on page 17.

If you do withdraw from the Scheme you will no longer be covered by the Death in Service Lump Sum provisions.

You may wish to consider obtaining financial advice before making a decision. If you leave the Scheme, but leave your Retirement Account invested within the Scheme, you will have to continue to pay the Annual Management Charge at the same rate as during your membership.

Future Automatic Enrolment

If you opt out or withdraw from the Scheme, your Employer may be legally required to Automatically Enrol you at a future date. Your Employer will tell you if this will happen. You may ask to re-join the Scheme at any other time, although you may be required to meet certain conditions before you are allowed to do so.

Contributions

Pensions+

The University is committed to making pension contributions work efficiently and has introduced **Pensions+**, which is a salary exchange scheme that enables both you and your Employer to make savings without reducing the overall level of pension contributions you receive.

Pensions+ means that rather than paying your pension contributions as employee contributions, you exchange some of your earnings for an extra Employer pension contribution of the same amount. As a result, you pay less National Insurance.

Your Salary before **Pensions+** will be known as your Reference Salary and this is the salary which will be used for any salary related calculations, such as pay awards and overtime.

Regular contributions

While you are an active member of the Scheme, your Employer will pay 5% of your Salary into the Scheme every month until you have completed 60 months of continuous membership. At this point the Employer contributions increase to 7% of Salary. If you participate in the salary exchange arrangement known as **Pensions+**, your Employer will also pay contributions on your behalf in exchange for a reduction in your contractual pay equal to the member contributions. If you do not participate in **Pensions+**, you will pay your own contributions of 4% of Salary every month.

The University reserves the right to vary the rates of member and Employer contributions; you will be given advance notice if it intends to do this.

Your Employer will also pay the costs required to ensure the Trustees can provide the benefits payable in the event of your death whilst still in employment and before taking your retirement benefits, and to meet any expenses of the Scheme which the University has agreed the Employers will pay.

Your contributions or **Pensions+** deduction will normally stop when you leave the Scheme or use your Retirement Account to provide your retirement income. However the fact of reaching Normal Retirement Date will not cause contributions to stop if you choose to remain in employment and continue contributing to the Scheme (see page 14 Late Retirement).

If you are temporarily absent from employment, contributions to the Scheme may be affected (see page 19 for further details).

Tax relief

As a member of the Scheme, you receive tax relief on any contributions you make to the Scheme, whether you pay your own contributions or contribute via the salary exchange scheme, **Pensions⁺**. This means the cost of being a member is less than you may think.

The table below shows how this works for a member whose salary is £21,000 a year and who pays tax at the current basic rate of 20%:

	Does not participate in Pensions⁺	Does participate in Pensions⁺
Monthly Reference Salary	£1,750	£1,750
Pensions⁺ deduction	£nil	£70
Monthly Contributions	£70	£nil
Take home pay	£1,694	£1,694
Tax relief received	£14	£14

If you pay tax at the current basic rate of 20%, each £1 you pay costs only 80p from your take home pay. This means that to make the monthly contribution of 4% of your salary (which in the example above amounts to £70) you would actually pay £56 from your net salary and the remaining £14 will come from the tax that you would have paid had you received that money as income.

If you are in **Pensions⁺**, then the Employer pays your contribution for you but in exchange for you giving up £70 of your monthly pay. Further information on how **Pensions⁺** operates can be found in your **Benefits⁺** booklet or on the HR webpages.

Additional Voluntary Contributions (AVCs)

If you wish to pay more into the Scheme to increase the size of your Retirement Account, and therefore the potential retirement income you could receive, you have the option to pay AVCs.

Any AVCs that you pay will also receive tax relief, making providing extra contributions to your pension a tax efficient way of saving for your retirement. AVCs cannot be paid via the Pensions+ salary exchange arrangement and so will not receive National Insurance savings.

If you would like to pay AVCs, simply get in touch with the University's Pensions Office in Whiteknights House and they can help you get these extra contributions started.

Total annual contributions

You can pay up to 100% of your Salary into the Scheme (which includes your regular contributions and any AVCs you make) and tax relief will normally be available on the full amount.

You may continue to pay AVCs if you remain in service after Normal Retirement Date (see page 14 Late Retirement).

Scheme charges

Each of the investment options is subject to an Annual Management Charge (AMC). This will vary according to the fund(s) chosen and will be deducted from your Retirement Account.

Further details of the fund range and charges can be found in the *URPS Investment Guide* and in the *URPS Investment Fund Aims and Risk Guide*. These charges can be varied at any time without prior notice.

From time to time other administration or investment expenses may arise or the charges may vary. The University and the Trustees reserve the right to deduct these from your Retirement Account and to change their policy or introduce or vary charges without prior notice to you. You will be notified if these will apply.

Investing your Retirement Account

You can decide how your Retirement Account is invested. You have two choices:

1. Default Lifestyle investment strategy

If you have not selected an investment option your Retirement Account will be invested in the “Annuity Investment Programme” which is a lifestyle strategy.

The Annuity Investment Programme aims to grow your Retirement Account over the majority of your working life, then aims to protect its value as you approach retirement.

Please note that this lifestyle strategy is designed to work with a Normal Retirement Date of 65, so if you intend to retire earlier or later than this you will need to change this age. If you change this age, this will be known as your Planned Retirement Date.

If you want to retire earlier than age 65 you will need to tell Aviva as soon as you decide.

If you do not tell Aviva, your Retirement Account might be in an inappropriate mix of investments when you retire.

2. Self Select Option

This option is available for members who wish to make their own investment decisions. The Trustees have selected a range of investment funds which cover a range of investment types and levels of risk.

You can choose from the range of investment funds Investment Programmes set out in the *URPS Investment Fund Aims & Risk Guide* available on the University’s pension page <http://www.reading.ac.uk/internal/humanresources/WorkingatReading/Pensions/humres-URPS.aspx>.

The Trustees will regularly review the range of investment funds they offer under the Scheme.

The Trustees reserve the right to change and/or add additional funds and investment managers, for both past and future contributions.

The Trustees reserve the right to do any of these things without prior notice to you, although the Trustees would always hope to give you as much notice as possible.

Full details are given in the *URPS Investment Fund Aims and Risk Guide*.

Changing where your Retirement Account is invested

From time to time you should review your investment choices to ensure that they continue to meet your needs, and make changes if necessary.

You can change where your Retirement Account is invested at anytime by visiting www.avivamymoney.co.uk, emailing mymoney@aviva.com, or phoning **0345 604 9915**.

There are currently no administration charges for switching between funds and you can switch at any time. Aviva aims to complete a switch within 48 hours of receiving your instructions.

The contributions that you (if relevant) and your Employer make are paid into your Retirement Account each month. The value of your Retirement Account depends on the performance of the investment funds you have selected, and its value may fluctuate over time.

Contributions will be invested in a timely way in accordance with the Rules and legislation and as soon as practicable after contributions are deducted from your salary.

Financial advice

The investments you choose depend on a number of factors including your age, your investment objectives and the degree of investment risk you wish to take. You may wish to seek independent financial advice about your investment choices and you should regularly review where your Retirement Account is invested. You will be responsible for meeting the costs of any individual advice you receive.

Neither your Employer, the University, its pensions advisers, nor the Trustees are authorised to give you specific advice about your investment choices. If you want specific advice, you should contact an Independent Financial Adviser.

The Money Advice Service website has guidance on finding financial advice at www.moneyadviceservice.org.uk. You can also ring their helpline on **0300 500 5000**.

IFA Promotion can put you in touch with financial advisers in your area. You can visit their website at www.unbiased.co.uk.

Changes to the investment funds and strategies under the Scheme

You should note that the investment funds on offer and the managers responsible for each fund will be reviewed by the Trustees from time to time and may be changed. Existing investment funds may be withdrawn and your Retirement Account switched without your consent. You will be notified if any changes are made and will have the opportunity to change your investment if required.

The Trustees can also change the way in which the Lifestyle strategy works, including the funds it invests in and the dates of switching. The Trustees can do this without prior notice to you, although they will try to give as much notice as possible.

Past performance is not a guide to future performance. The value of investments and the income from them can fluctuate and are not guaranteed. Investors may not get back the amount invested. Rates of exchange may cause the value of

investments to go up or down. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Any objective or target will be treated as a target only and should not be considered as an assurance or guarantee of performance of a fund or any part of it. A fund's objectives and policies include a guide to the main investments to which a fund is likely to be exposed but a fund is not necessarily restricted to holding these investments only. Subject to a fund's objectives, a fund may hold any investments and utilise any investment techniques, including the use of derivatives, permitted under the FCA's Conduct of Business Sourcebook which contains the rules by which investment of the funds is governed.

Your retirement benefits

When you retire, the value of your Retirement Account will be used to provide part or all of your income in retirement.

The amount of retirement income you will receive from the Scheme ultimately depends on the size of your Retirement Account and the age at which you retire.

The size of your Retirement Account and the income it can deliver for you is determined by four key factors:

- The amount of contributions paid into your Retirement Account;
- The investment returns those contributions earn;
- The cost of buying benefits at the time you retire; and
- The type of benefit which you choose to buy.

As a member of the Scheme you can access your Retirement Account 24 hours a day from anywhere in the world via the secure Member Login area at: www.avivamymoney.co.uk.

Any examples given to you concerning the value of your Retirement Account or your possible benefits at retirement depend on the assumptions made about contribution levels, investment returns and the cost of buying a pension when you retire. Whether the examples accurately predict the benefits ultimately payable depends on whether these assumptions are borne out in practice. The amount of your benefits cannot be guaranteed.

Using your Retirement Account to provide benefits at retirement

In the period leading up to your retirement, your retirement options will be explained to you based on the value of your Retirement Account.

When you retire you may ask the Trustees to use your Retirement Account to provide one or more of the following benefits:

- **A pension for you.** Your pension is normally provided by using your Retirement Account to purchase an Annuity.

The Annuity will normally be paid monthly and is payable for the rest of your life. You can choose to guarantee the payment of your pension for up to ten years from retirement, so that if you die within that time, the balance of pension payments will be paid for the remainder of the guarantee period (either as a lump sum or pension).

You can also choose whether or not the pension payable to you will increase in payment and if so at what rate.

- **A pension or lump sum for your Dependants.** Before you start to receive your pension you may choose to give up some of your Retirement Account to provide a pension or lump sum that is payable to your Dependants when you die.

You can choose whether this pension will increase once it is in payment and if so at what rate.

- **A cash sum of up to the maximum available by law.** Currently this is the whole of your Retirement Account (including any AVCs you may have paid too) although only 25% of the total value is paid tax free. The remainder is taxed at your marginal rate of income tax.
- **A transfer to an external provider.** You can have your Retirement Account transferred out of the Scheme into an arrangement with an external provider so that you can choose to draw down payments from your fund as and when you want them. Providers normally require that there is a minimum amount held in your account with them in order to use this type of facility.

If, however, your Retirement Account is very small, the Trustees may decide to pay your benefits to you in the form of a lump sum instead of a pension. You will be notified if your benefits will be paid in this way.

Payment of benefits

If you purchase an Annuity, it will normally be bought from an insurance company and will be bought in your name or the name of the person entitled to receive your benefits. The Trustees have appointed HUB Financial Solutions to help you decide what type of annuity to purchase and to select the insurance company offering the best terms at that time.

Once set up, your Annuity is paid directly to you by the insurance company concerned.

The process of setting up your Annuity may take several weeks because of the procedures involved. HUB FS will help you with this process.

Aviva will write to you several months before your Planned Retirement Date, setting out the options available to you. To help you find the right annuity for you, based on your personal circumstances, you will also be asked by the Pensions Office, acting on behalf of the Trustees, if you would like your details to be passed to HUB Financial Solutions to provide you with annuity quotations.

Early retirement

Retirement before Planned Retirement Date requires the consent of the University. If the University agrees, you may receive a pension and retire from age 55 onwards. In normal circumstances, you must leave employment in order to retire early, but there may be circumstances in which the University will agree to allow you to take an early pension and continue working. For more information, you should go to the section on flexible retirement on page 14.

Your early retirement pension is provided in the same way as your pension would have been at Normal Retirement Date, but the size of the Annuity your Retirement Account can provide may be smaller because its value may be less and the Annuity will be payable for longer.

Ill-health early retirement

If you become (and will continue to be) incapable of carrying out your occupation because of physical or mental impairment, it may be possible for you to retire and have access to your Retirement Account earlier than anticipated, and earlier than age 55. This is subject to the University agreeing and the Trustees being satisfied as to the condition of your health after receiving evidence from a registered medical practitioner.

Late retirement

You may choose to continue working after your Normal Retirement Date and postpone payment of your pension benefits. If you do, both your, and your Employer's contributions will continue to be paid into the Scheme. You may also continue paying AVCs to the Scheme if you wish to do so. Alternatively, you can stop contributing to the Scheme when you reach Normal Retirement Date.

If you continue working after Normal Retirement Date you may be able to choose whether your Retirement Account will remain invested until you leave employment, or whether you will start to receive your benefits while still in employment. Please see the section below regarding flexible retirement.

Please be aware that if you leave your benefits invested and do not retire until after age 75, then you may lose some of your tax benefits, such as the right for your beneficiary to take tax-free cash.

Flexible retirement

With the consent of the University, you may be able to take your retirement benefits whilst still in employment, provided you are at least age 55. If you take this option, under the current policy you can choose whether to cease contributions to the Scheme, or continue to pay contributions in order to earn further benefits. The University reserves the right to impose conditions and restrictions on this option. For more information please contact the Pensions Office.

Benefits for your family

Death while contributing to the Scheme

If you die while you are employed and contributing to the Scheme, either directly or via **Pensions⁺**, a cash sum of six times your yearly basic salary will be payable to your Beneficiaries. Members paid on timesheets can contact the Pensions Office for information about how the calculations will work.

In addition, the value built up in your Retirement Account will become available to provide a lump sum for your Beneficiaries.

If the recipient(s) of the lump sum payable on your death requests, the lump sum will instead be paid as a pension that is payable for life. However, a pension payable to a child will stop when the child reaches age 21 unless that child was dependent on you at the date of your death due to a disability or was wholly incapacitated at birth.

If you are over age 75 when you pass away with an unclaimed pension pot, your pension pot can be passed to your nominated beneficiary without incurring a tax charge. Your nominated beneficiary can use this money to purchase an annuity or income drawdown product (taxed at nominal rate) or draw down the whole value as cash (at 45% tax charge).

Restriction on benefits

The lump sum death benefit is insured under an insurance policy. Payment of the benefit is subject to acceptance by and any terms and conditions imposed by the insurer. In such cases the benefit payable on death may be limited to the amount the insurer is willing to cover. Sometimes, however, restrictions are placed on the benefit and you will be told if this applies to you.

Payment of lump sums

Under current law, lump sum death benefits under the Scheme can be paid at the discretion of the Trustees direct to your Beneficiaries.

This is a group of people determined by the Rules of the Scheme, which includes your Spouse, your relatives, and anyone who you nominate via the Expression of Wish form to receive this amount.

You should complete the Expression of Wish form if you would like to nominate a person as a Beneficiary. This form is available from the Pensions Office or HR webpages. Benefits will be paid at the discretion of the Trustees of the Scheme, although they will always consider your circumstances at the time of your death.

Any lump sum payable on your death will be paid free of tax, provided that you die before age 75 and that the total benefits payable (including benefits payable from other pension arrangements) are less than the Lifetime Allowance. Any benefits over the Lifetime Allowance will be subject to a tax charge. If the recipient has request that the lump sum is instead paid as a pension, tax will be payable by the recipient as if the pension was ordinary income.

Death after you retire

The benefits payable on your death depend on the choices you made at your retirement (see **'Your retirement benefits'** on page 12). If, when you retired, you informed the Trustees that you would like a pension or a lump sum to be payable to your Spouse, Civil Partner, child or other Dependant on your death, your Retirement Account will have been used to ensure that such a benefit can be paid and the relevant annuity provider will make these payments. In other circumstances, no benefits will be payable on your death.

Leaving before Normal Retirement Date

If you leave the Scheme before your Normal Retirement Date (for example, you opt out or withdraw from membership or leave employment), you will stop paying contributions, either directly or via **Pensions⁺** to the Scheme. No further contributions will be paid by your Employer to your Retirement Account.

The benefits to which you will be entitled depend on when you joined the Scheme and how long you have been a member of the Scheme when you leave.

If you have withdrawn from Scheme within the first 30 days of membership or opted out within the statutory opt out window, you are entitled to receive a refund of your contributions (see the section on Choosing to Leave the Scheme on page 5 for further information). If you have gone past the first 30 days of membership (if contractually enrolled) or the 1 month statutory opt out window (if legislatively enrolled), your Retirement Account will remain invested in the Scheme.

No more contributions can be paid into your Retirement Account but they will remain invested and will continue to be adjusted for investment returns until you retire, die or transfer them out of the Scheme. During this time you will still be able to change your investment options and the automatic switch in funds under the Lifestyle option will still apply.

Alternatively, you could choose to transfer your Retirement Account to another occupational pension scheme, a personal pension scheme, or to an annuity provider. For more information you should go to the section below on the transfer of benefits.

When you retire you can choose the benefits to be provided as described under **Your retirement benefits** on page 12.

Note that the University reserves the right to require the Trustees to transfer your benefits to an insurance company or other pension provider, rather than retain your Retirement Account within the Scheme, provided certain statutory requirements are met. You will be told if this is to happen.

Death before retirement

If you die before your Normal Retirement Date after leaving the Scheme and your Retirement Account is retained in the Scheme, the value of your Retirement Account, including the value of any AVCs, will generally be paid as a lump sum (see page 15 for further details on the payment of lump sums).

Transfer of benefits

If you leave employment and are entitled to leave your Retirement Account in the Scheme but do not take an immediate pension, you may be able to transfer your benefits to your new Employer's scheme, a personal pension scheme or an individual insurance policy. This is subject to the transfer being in accordance with the laws governing transfers of pensions.

The transfer is calculated by the Trustees, taking relevant advice. It is usually the value of your Retirement Account.

You may ask the Trustees for an estimate of the transfer payment available to you at any time. The Trustees will give you this within three months of your request. If you need the estimate because of a divorce settlement or the dissolution of a registered civil partnership, you should tell the Trustees this as they will then be under an obligation to provide the information within 6 weeks instead of 3 months, and they may need further information from you. The Trustees are not normally obliged to give you another estimate within 12 months of your last request. If a further statement is provided a charge may be made for the additional administration involved.

Absence from work

Temporary absence

Most absences from work are for a relatively short time and do not normally affect your membership of the Scheme. However there may be circumstances where your membership will be affected, in which case your Employer will decide to what extent there will be an impact on contributions and benefits.

If you are absent due to illness or injury your Scheme membership is continued provided the University and the Trustees agree and you continue to be paid. You remain covered for the lump sum death benefit, subject to the conditions set out on page 3.

If you are away from work for any other reason except maternity leave, paternity leave or adoption leave, the University decides whether your membership should continue, whether you remain covered for the death in service benefits and in each case, for how long.

If you do not return to work at the end of the appropriate period you will normally be treated as having left employment.

Maternity leave

Ordinary maternity leave

During your ordinary maternity leave while you are receiving statutory maternity pay or other pay from your Employer, your membership of the Scheme will continue as though you are working normally.

Although you will continue to pay contributions during paid maternity leave based on the pay you actually receive, your Employer will pay the difference between the contributions you would have paid to the Scheme had you been working normally, and those you actually pay during maternity leave (excluding AVCs) (i.e. had you not been on reduced pay during periods of SMP). If you are a **Pensions⁺** participant, the deduction from your Reference Salary will be based on 4% of actual pay but the Employer will continue to pay your contributions in full based on your pre-maternity leave Reference Salary. In addition the Employer will continue to pay the Employer's rate applicable had you been working normally (i.e. had you not been on reduced pay during periods of SMP).

Additional maternity leave

If at the end of ordinary maternity leave you go on to additional maternity leave, your membership of the Scheme will continue in the same way as during ordinary maternity leave for any part of the leave that you continue to receive pay from your Employer, including statutory maternity pay.

If you do not receive pay from your Employer during any period of additional maternity leave, neither you, nor your Employer will contribute to the Scheme during that period of your absence, although you remain covered for the lump sum death benefit, subject to the conditions set out on page 3.

If you do not return to work after your maternity leave you will leave the Scheme. The date you leave the Scheme is taken as the date when both your and your Employer's contributions stop.

Paternity leave

If you qualify for paternity leave your membership of the Scheme will continue as though you were working normally. You will continue to pay contributions during paid paternity leave based on the pay you actually receive and your Employer will pay the difference between the contributions you would have paid to the Scheme had you been working normally and those you actually pay during paternity leave (excluding AVCs).

Adoption leave

If you take adoption leave your pension and death benefits will be continued in the same way as for maternity leave. References to *maternity leave* should be read as *adoption leave*.

Shared Parental leave

If you take Shared Parental leave your pension and death benefits will be continued in the same way as for the remaining period of maternity leave. References to *maternity leave* should be read as *Shared Parental leave*.

Definitions

The guide uses certain words that may need further explanation. These are shown below to help you understand any terms that may not be familiar to you.

Additional Voluntary Contributions (AVCs)

These are contributions you voluntarily choose to pay to the Scheme, over and above your normal contributions. The purpose of paying AVCs is to increase the size of your Retirement Account. You can pay AVCs of any amount (as a monthly percentage) as you decide, providing the Trustees agree.

Annual Allowance

The maximum amount of pension savings (from both you and your Employer) in a registered pension scheme in a tax year before being subject to tax, across all the pension arrangements you may have. The Annual Allowance is set by Her Majesty's Revenue & Customs (HMRC) and the up to date figure can be found at <https://www.gov.uk/tax-on-your-private-pension/annual-allowance> although there is a tapered reduction for anyone whose "adjusted income" is over £150,000 pa. Your pension savings are measured for comparison with the Annual Allowance over the period which runs from 5 April to the following 4 April. This is called the 'pension input period'. Further information on the Annual Allowance can be found on the Gov.Uk website at <https://www.gov.uk/tax-on-your-private-pension>.

Annual Management Charge

This is the charge that is taken from your Retirement Account. This will vary according to the fund(s) chosen and will be deducted from your Retirement Account. These charges can be varied at anytime without prior notice. The Annual Management Charge may vary at any time and the University reserves the right to require the Trustees to deduct administration costs from your Retirement Account.

Annuity

An annuity is a contract that provides a fixed series of payments over a specified period of time, for example, a person's lifetime. Annuity payments are made at regular, normally monthly, intervals and are usually provided by an insurance company.

Automatically Enrolled

This is the term used in relation to a person who has joined the Scheme as a result of being an Eligible Jobholder, and in order to comply with pensions law. Your Employer will tell you if you have been Automatically Enrolled.

Beneficiaries

Your Beneficiaries are a group of people determined by the Scheme's Rules. The group includes, where relevant, your widow, widower or surviving civil partner; your grandparents; your children and other descendants; your Dependants; anyone entitled to an interest in your estate under your Will; and anyone who you nominate in your Expression and Wish form. The full list of potential Beneficiaries is set out in the Rules.

Civil Partner

A person with whom a person of the same sex is in a relationship which has been registered as a civil partnership in accordance with the law.

Contractually Enrolled

This is the term used in relation to a person who joined the Scheme on their first day at work because their contract of employment or engagement documentation said they would be enrolled into the Scheme.

Dependant

This is defined in the Rules, but broadly means, your Spouse, Civil Partner or any other person who was, at the date of your death, financially dependent on you, or with whom you were financially interdependent at the date of your death. Your children (including step-children and children legally adopted, legitimised by marriage, maintained by you or dependent on you) are automatically classed as your Dependents up to age 21. The Trustees' decision as to whether someone is your Dependant is final.

Eligible Jobholder

This means any person who is employed by the University, who ordinarily works in Great Britain, who is at least age 22 but under State Pension Age, and now earns at least a minimum amount (this amount is determined by law and as at April 2019 is £10,000 per year).

Employer

This means the organisation that employs you. For the Scheme, this will be the University of Reading.

Expression of Wish

This is a form which you can complete to indicate how you would like any lump sum benefits payable on your death to be distributed amongst your Beneficiaries. These benefits are paid at the discretion of the Trustees although, the Trustees will usually be guided by your wishes as included on your Expression of Wish form, but they are not bound by them.

The Trustees recommend that you complete an Expression of Wish form and remember to keep it up to date if your circumstances change. This can be obtained from the Pensions Office (see full address on page 1) or online from the Scheme website.

Lifetime Allowance

This is the total limit on the pension savings that will qualify for tax relief and will apply to all of the pension benefits you build up over your entire working life. The Lifetime Allowance is £1,055,000 worth of benefits for the tax year 2019/20. The allowance may vary in the future. Further information on the Lifetime Allowance can be found on the Gov.Uk website at <https://www.gov.uk/tax-on-your-private-pension>.

Normal Retirement Date

This is your State Pension Age.

Pensions+

This is a salary exchange scheme which enables both you and the University to make contributions to your Retirement Account without reducing the overall level of contributions you will receive. Rather than paying your pension contributions as employee contributions to the Scheme, you exchange some of your earnings for an extra Employer pension contribution of the same amount. As a result you pay less NI which means that your take home pay increases.

Planned Retirement Date

If your Retirement Account is invested in a Lifestyle Strategy (known as an Investment Programme), this is the age that will be used to calculate when the strategy switches from 'growth' to 'consolidation' assets.

If you have not selected your own Planned Retirement Date, it will be set at 65. You can change this at any time but you need to tell Aviva in order to apply this to your Retirement Account.

Please note that as University consent is required to early retirement, it is not guaranteed that you will be able to retire at your selected Planned Retirement Date.

Retirement Account

This is the notional individual account that the Trustees set up and Aviva maintains for you. The pension you receive under the Scheme depends on the contributions you and your Employer make to this account and the investment returns earned on those contributions. Any Additional Voluntary Contributions that you decide to pay into the Scheme will be added to your Retirement Account. Administration fees will apply to your Retirement Account. Depending upon investment returns, the value of your Retirement Account could fall or rise. Your Retirement Account is referred to as a notional individual account because the assets of the Scheme, from which your benefits will be provided, are held together in a common trust fund. You are not entitled to any specific assets of the Scheme.

Rules

The document which sets out the rules governing the Scheme, as amended from time to time.

Salary

This means your gross earnings excluding (a) benefits in kind (for example car allowances or private medical insurance) and (b) any amounts the University tells you are not pensionable. As at the date of this Guide, the University has decided that certain elements of remuneration will not be included in Salary (and this Guide is their notification to you of this). This includes overtime and bonus payments. You can obtain a full list of excluded payments from the Pensions Office.

Scheme

This is the University of Reading Pension Scheme.

Spouse

This is a person's legally recognised husband or wife, whether of the opposite sex or same sex.

State Pension Age

This is the age at which you are entitled to receive a State pension. Your State Pension Age is determined by law and depends on the date on which you were born. The Pensions Office can confirm your individual State Pension Age.

Trustees

This means the Trustees appointed to the Scheme from time to time. The Trustees are responsible for the efficient running of the Scheme and for safeguarding the interests of members and beneficiaries.

University

This means the University of Reading.

A-Z of further details

Alteration or discontinuance

Under the terms of the Trust Deed and Rules, the University can alter the terms of the Scheme. Where appropriate, consultation with the membership would be undertaken prior to any changes. The University also reserves the right to terminate the Scheme at any time.

In the event of the Scheme being terminated, the assets of the Scheme would be used to provide benefits in accordance with the Rules. Alternatively you may have the option to transfer your Retirement Account to another registered pension arrangement of your choice. The charges for such a transfer would normally be deducted from your Retirement Account.

Benefit Statements

You will receive a benefit statement each year showing details of your Retirement Account. The statement will show the contributions that have been made during the year and the value of your Retirement Account. It will also show where your Retirement Account is invested.

The statement will also include projections which illustrate the level of pension you might receive when you retire, in today's money terms. These projections are based on a number of assumptions which are explained in the statement and are for illustration only. This illustration is not a guarantee of a certain level of benefits.

Statements are also available anytime on your online pension account and can be accessed by visiting www.avivamymoney.co.uk.

Divorce or dissolution of a registered civil partnership

If you get divorced or dissolve your registered civil partnership, your benefits under the Scheme may become subject to a court order. This would require the Trustees to allocate a specified part of your retirement benefits and death benefits under the Scheme to your former Spouse or your Civil Partner. Your State pension benefits may also be affected.

If a court order applies to your Scheme benefits you will be given details of the reduction to apply to your benefits. Any pension deducted from your own entitlement will count towards your former Spouse's or Civil Partner's Lifetime Allowance rather than your own.

On divorce or dissolution you should tell the Trustees about the changes in your personal details. You should also consider changing any Expression of Wish form you previously completed. These forms are available from the Pensions Office or by visiting <http://www.reading.ac.uk/internal/humanresources/WorkingatReading/Pensions/humres-URPS.aspx>.

The Trustees may pass on to you the cost of dealing with your change of circumstances.

Giving up your benefits

Except in the limited circumstances allowed by law and by the Rules, you are not allowed to give up, cash in, or forfeit your benefits or use them as a security for a loan.

HM Revenue & Customs

The Scheme is a “registered” pension scheme. As a registered pension scheme the Scheme enjoys various tax advantages:

- Tax relief is available on contributions paid into the Scheme provided that your total contributions to all registered pension schemes are less than 100% of your taxable earnings.
- The assets of the Scheme build up largely free of tax.
- Lump sum benefits within HM Revenue & Customs limits are usually payable tax free (except on death after retirement).

There are no limits imposed by HM Revenue & Customs on the amount of benefits that can be provided from the Scheme nor on the amount of contributions that can be paid in. However, any benefits in excess of the Lifetime Allowance or contributions paid in excess of the Annual Allowance will be subject to an additional tax charge.

You are responsible for monitoring your own position regarding the Annual Allowance and Lifetime Allowance and for submitting the relevant information to HM Revenue & Customs.

If you think you will eventually build up benefits, from all sources, above the Lifetime Allowance, you may want to consider some of the protection options open to you and you are advised to discuss your personal circumstances with an independent financial adviser.

Shortly before your benefits become payable the Trustees will ask you for information about the amount of Lifetime Allowance you have used in respect of other pension arrangements. Once your benefits start to be paid the Trustees will provide a certificate detailing the amount of your Lifetime Allowance that your benefits from the Scheme have used up. You should keep all certificates issued to you concerning the Lifetime Allowance in a safe place. If you do not provide the Trustees with the information which they request, they reserve the right to assume that your benefits are above the Lifetime Allowance and to deduct the appropriate amount of tax.

Security of personal information

The Trustees of the Scheme will use your personal information to run the Scheme and calculate and administer the benefits payable under it. To fulfil these activities, the Trustees may pass your information to professional advisers involved in the Scheme.

To administer the Scheme the Trustees may also pass your personal information to the University or to Aviva who provide services and products to the Scheme.

It is possible that the Trustees may transfer some of your personal information to countries overseas. The Trustees take the obligation to keep your personal information secure very seriously, so where

information is transferred overseas, they will ensure that this is done under obligations of confidentiality. See our Privacy Notice at:

[http://www.reading.ac.uk/web/files/humanresources/humresURPS Privacy Notice 15 August 2018.pdf](http://www.reading.ac.uk/web/files/humanresources/humresURPS_Privacy_Note_15_August_2018.pdf)

The State Pension Scheme

The State Pension Scheme has changed from a two tier arrangement to a single, flat rate pension for anyone who reaches State Pension Age on or after 6 April 2016. You can find out about the new State Pension Scheme and calculate your State Pension Age by visiting the Gov.Uk website at <https://www.gov.uk/new-state-pension/overview>.

State Pension Age

State pensions are payable from State Pension Age which is determined by law and depends on the date on which you were born. The Pensions Office can confirm your individual state pension age.

Help and advice

More information

If you want to see a copy of any of the Scheme's formal documents, such as the Trust Deed and Rules, the Trustees' annual report and accounts or the statement of investment principles, or you want more information about this guide or the Scheme in general, please ask the Pensions Office.

Queries and problems

The Trustees aim to administer and manage the Scheme to high standards but there may be times when you are unhappy about something concerning your benefits or your membership of the Scheme in general.

Most queries and problems stem from a misunderstanding of information and normally can be quickly and informally sorted out without the need to use any formal procedures. You should first of all refer any query or problem to the Pensions Office.

If you are still unhappy about the matter you may then wish to consider making a formal complaint through the internal dispute resolution procedure.

Internal Dispute Resolution Procedure

If you have not been able to resolve any complaint about the Scheme informally there is a formal procedure you may use. Full details can be obtained from the Pensions Office. The contact details for the Pensions Office are available on page 1.

Stage 1 – You should put your case in writing to the first stage decision maker who will fully consider your complaint and will normally give you a decision within two months.

Stage 2- If you are not satisfied with the decision you may appeal to the Trustees to consider your complaint. You will normally receive a decision within two months.

Special application forms are available from the Pensions Office to make a complaint or appeal. If you wish, a representative may act on your behalf.

The internal dispute resolution procedure applies to matters concerning the Scheme that affect members and others who may have an interest in the Scheme. It does not apply to disputes between employees and the University, nor does it apply to disputes where court proceedings have started or which are being investigated by the Pensions Ombudsman.

Pension Wise

You can access free, impartial guidance about your pension options through Pension Wise, the Government guidance service. Here, you can find out what you can do with your pension pot, how to shop around and what to look out for with taxes and fees. The Pension Wise website can be accessed at <https://www.pensionwise.gov.uk/>.

If you are age 50 or over, you can book an appointment to get free and impartial guidance from a pension guidance specialist. This can be either over the telephone or face to face and you'll talk about your pension options and what to do next. To book an appointment, simply go on to the Pension Wise website and click on "Book a free appointment".

The Pensions Advisory Service (TPAS)

TPAS is an independent voluntary service that provides free help and advice to members and other beneficiaries of occupational and personal pension schemes. TPAS is available at any time to assist members and other beneficiaries with any pension query they may have or any difficulty they have failed to resolve with the trustees or administrators of a scheme. If you want to contact TPAS the address is:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

Tel: 0845 601 2923
E-mail: Online enquiry via website
Website: www.pensionsadvisoryservice.org.uk

Pensions Ombudsman

The Pensions Ombudsman may investigate and decide upon any complaint or dispute of fact or law in relation to a pension scheme. The Ombudsman service can also assist if you just want to discuss a potential complaint or need help raising your concerns.

If you have any complaint or dispute that cannot be resolved by the internal dispute resolution procedure, you may refer it to the Pensions Ombudsman for formal adjudication at:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU

Tel: 0800 917 4487
E-mail: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

The Pensions Tracing Service

The Trustees have given information about the Scheme, including details of an address at which they can be contacted, to The Pension Tracing Service. This service is run by the Department for Work and Pensions and may be of help to you if you need to contact the trustees of a previous Employer's pension scheme and cannot trace them yourself.

The service may be contacted at:

Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

Tel: 0800 731 0193

Website: <https://www.gov.uk/find-pension-contact-details>